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Executive Director

BY ELECTRONIC MAIL

May 29, 2026

Mr. Orlando Rivera Berríos
Executive Director
Office of Management and Budget

Re: Response to various reapportionment requests

Dear Mr. Rivera Berríos:

This letter responds to several budgetary reprogramming requests (“BRRs”) submitted by the Puerto Rico Department of Education (the “PRDE”) through the Office of Management and Budget (“OMB”) to the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) for review and approval. Several of these requests seek to fund services for students in PRDE’s Special Education Program, including therapies, evaluations, transportation, and reimbursements to families.

The Oversight Board recognizes that these are important obligations, that many are owed to students and families entitled to services under federal law, and that the timely delivery of those services is a priority shared by the Government and the Oversight Board. The concern addressed here is not whether these needs should be met, but how they have come to be funded, and how they can be funded sustainably so that the students who depend on them are not exposed to recurring budgetary uncertainty.

Several BRRs propose using unspent FY2025 appropriations to fund FY2026 obligations. Sound budgeting practices and the Certified Fiscal Plan call for recurring expenditure to be matched with recurring sources. Relying on prior-year balances or other one-time resources to support ongoing obligations only postpones the underlying shortfall and leaves programs without a stable, long-term funding base.

Avoiding this outcome in the next fiscal year requires that the FY2027 Commonwealth Budget fund all projected liabilities from the start, rather than addressing them through year-end reapportionment. To that end, the Oversight Board requests that OMB and PRDE provide the estimate for Special Education and Provisional Remedy Program liabilities for FY2027, together with confirmation of whether the FY2027 budget submitted by OMB to the Oversight Board for approval includes sufficient funding to meet all Special Education and Provisional Remedy Program liabilities to be incurred in FY2027. This information is essential prior to the certification of the FY2027 Commonwealth Budget currently under review by the Legislative Assembly.

Over a period of several years, recurring costs, particularly within the Special Education Program, have increasingly been met through such non-recurring resources. A substantial share of these recurring service costs, including the externally contracted services provided through the Provisional Remedy program, was supported by federal pandemic-relief funds that expired in FY2026. Those funds have lapsed; the underlying obligations have not. The result is a recurring commitment now pressing against the General Fund without a corresponding recurring revenue source.

This situation has been compounded by deficiencies in the PRDE's budget planning, management, and fiscal controls. In recent years, spending on Special Education professional and purchased services, and on student transportation, has consistently exceeded the amounts budgeted, with the resulting overruns addressed after the fact through reapportionment. The issue is not one of insufficient appropriation; it is that the PRDE has not been managing available resources appropriately. Several of the BRRs arise directly from this pattern, for example the request to fund transportation (BRR 2026-26134).

These pressures also reflect a deeper structural condition at the PRDE. PRDE's cost base has been built for a substantially larger student body than the one it now serves. Island-wide, the school-age population continues to decline. PRDE's enrollment decreased by approximately 37% since FY2017, while its General Fund appropriation rose by roughly 18% over the same period. The incoming kindergarten cohort is now approximately a third smaller than the cohort graduating each year, indicating that this decline will continue for the foreseeable future.

Within Special Education, the number of students decreased by approximately 18% since FY2010, while the cost per student served rose by roughly 57% through FY2024 and by approximately 102% by FY2026. Continuing this rising cost pattern without identified funding would put services at risk.

The path toward addressing this situation is already defined. The Certified Fiscal Plan directs PRDE to adopt Student-Based Budgeting, an allocation method that funds each school according to the number and needs of the students it serves, rather than according to historical staffing levels or structures.

Under this model, resources follow students, and higher-need students, including students in Special Education, carry materially higher weighted funding tied to their specific classroom, therapy, transportation, and related-service needs. The formula underlying this methodology has been developed and modeled for the FY2027 budget. To date, however, PRDE has applied it only

in part in preparing its proposed FY2027 budget, and the regulation that would allow the formula to operate in full has not yet been submitted to the Oversight Board for review and approval in accordance with the Oversight Board Rules, Orders and Regulations Review Policy, established pursuant to PROMESA Section 204(b)(4). Fully implementing Student-Based Budgeting would make the cost of serving each student transparent, align the Department's budget with the student population it serves, and avoid funding recurring obligations, including Special Education, through year-end reapportionments.

Sound budgeting and reliable service delivery also depend on how the PRDE's fiscal management functions are organized. The Civil Service Reform ("CSR"), which was extended to the PRDE in November 2022 and whose implementation concluded in December 2024, attempts to address the obsolete organizational structures, roles, compensation, and recruitment practices affecting the PRDE's fiscal operations. Learning and development were a central pillar of the CSR, as was the consolidation of the PRDE's administrative functions. However, the fiscal functions continue to operate as separate streams rather than as the integrated Fiscal Operations area the CSR contemplated.

To meet the immediate needs of Special Education students without continuing the practices that led to the current situation, the Oversight Board approves the BRRs on the following basis:

- PRDE will submit to the Oversight Board for review and approval in accordance with the Oversight Board Rules, Orders and Regulations Review Policy the Student-Based Budgeting regulation within 90 days of this letter, consistent with the Certified Fiscal Plan, together with an implementation plan providing for the full application of the methodology in the FY2028 budget, so that recurring program costs are funded through a transparent, student-based methodology going forward.
- PRDE will submit to the Oversight Board for review and approval, within 90 days of this letter, a plan to strengthen the delivery of Section 504 accommodations, including the organizational and system changes needed to ensure that students entitled to such accommodations are properly identified, served, and documented across schools.¹
- PRDE will complete the implementation of the CSR, prioritizing the recruitment of three Area Directors of the consolidated Fiscal, Program, and Technology Operations areas, and will submit to the Oversight Board for review and approval a recruitment plan with milestone dates for the remaining positions within 15 days of this letter.
- The Government will increase the FY2027 budgetary reserve to address the recurring pressures these budgetary decisions create.

As the Government and the Oversight Board continue implementing structural budget reforms that promote transparency, accountability, and responsible fiscal management, maintaining disciplined fiscal safeguards remains essential. This includes forward-looking financial planning, the establishment of adequate reserves, and clear decisions on how programs are funded to prevent structural imbalances.

¹ Section 504 of the U.S. Rehabilitation Act of 1973 requires that students with a disability receive the accommodation they need to access their education on an equal basis. At present, the PRDE does not have adequate capacity to identify and deliver these accommodations consistently across schools.

Despite ongoing efforts throughout the FY2027 budget development process to reinforce these principles, several decisions with recurring fiscal impacts continue to be implemented outside the process and without identified recurring sources. When recurring expenditures exceed the baseline included in the FY2027 Commonwealth Budget submitted to the Legislative Assembly on May 15, 2026, the absence of such funding sources increases the risk of long-term budgetary imbalance.

Until the recurring funding sources required to address this risk are identified, and to help mitigate these pressures in the interim, the Government must increase the FY2027 budgetary reserve from 3% to 5% and continue to apply the withholding to the Special Education Program and the Provisional Remedy Program within the PRDE, consistent with prior years. The release of the withheld funds is contingent on meeting established fiscal conditions, including PRDE not having incurred more than 65% of its annual budget by the end of the eighth month of the fiscal year. Increasing the withholding and authorizing encumbrances and disbursements of only up to 95% during the first three quarters of FY2027 strengthens fiscal discipline.² Agencies must monitor spending closely and effective implementation requires consistent communication, enforcement of internal controls, regular reporting, and transparent oversight.

These conditions help ensure that the resources supporting the services rest on a stable and recurring footing and support the broader work underway among PRDE, OMB, and the Oversight Board to strengthen the PRDE’s fiscal sustainability and transparency.

Accordingly, after reviewing the BBRs and the supporting documentation, the Oversight Board makes the following determinations:

1. 2026-26134 Department of Education (81) – Reapportionment, prior year fund release and fund extension until June 30, 2026, to reapportion FY2025 budget appropriations to cover FY2026 transportation expenses and scholarships, costs associated with settling outstanding claims, and reimbursements to parents under the Special Education Program.

Determination: Approved with Observations
Approved amount: \$27,797,840

FY	Entity	Fund	Program	Concept	Object	JR Tag	Certified Budget	Budget As Is	Adjustment	Revised Budget
25	Department of Education	GF	N/A – no program	Purchased Services	Other purchased services	N/A – not a special appropriation item	\$8,724,000	\$68,040,310	-\$8,897,840	\$59,142,470
25	Department of Education	GF	N/A – no program	Transportation	Other transportation	For school transportation expenses inclusive of municipalities providing transportation services through established MOUs	\$9,881,000	\$37,102,000	\$8,000,000	\$45,102,000
25	Department of	GF	N/A – no	Other	Other	N/A – not a	\$10,299,000	\$29,701,489	-\$13,900,000	\$15,801,489

² Incurred is defined under modified accrual accounting standards as obligations for which the PRDE has received goods or services and recognized a liability.

	Education		program	Operating Expenses	operating expenses	special appropriation item				
25	Department of Education	GF	Special Education Program within Department of Education	Other Operating Expenses	Other operating expenses	N/A – not a special appropriation item	\$7,903,000	\$23,133,000	\$10,000,000	\$33,133,000
25	Department of Education	GF	Special Education Program within Department of Education	Incentives and Subsidies – Social Wellness	Other social well-being for Puerto Rico	Student scholarships	\$1,000,000	\$6,380,000	\$4,797,840	\$11,177,840

Request	Determination	Agency	Fund	Account	Amount	Date of extension
26134	Approved with Observations	(081)-Department of Education	GF	111-0810000-1008-007-2025	\$13,900,000	6/30/2026
26134	Approved with Observations	(081)-Department of Education	GF	111-0810000-1008-003-2025	\$13,897,840	6/30/2026
26134	Approved with Observations	(081)-Department of Education	GF	R6180-111-0810000-1009-013-2025	\$4,797,840	6/30/2026
26134	Approved with Observations	(081)-Department of Education	GF	R2990-111-0810000-1009-007-2025	\$10,000,000	6/30/2026
26134	Approved with Observations	(081)-Department of Education	GF	R2370-111-0810000-1008-005-2025	\$8,000,000	6/30/2026
26134	Approved with Observations	(081)-Department of Education	GF	R2980-111-0810000-3140-003-2025	\$5,000,000	6/30/2026

Observation: The Oversight Board approves with observations the prior year fund release and reappropriation in the amount of \$27,797,840 of FY2025 available balances to cover FY2026 operating expenses. Also, the Oversight Board approves a fund extension until June 30, 2026 to allow disbursements to cover transportation expenses and scholarships, costs associated with settling outstanding claims, and reimbursements to parents under the Special Education Program. This is approved as an exception to Section 8 of the Certified FY2026 Commonwealth Budget to cover critical needs and subject to several conditions as described previously.

2. 2026-56897 Department of Education (81) – Reappropriation, prior year fund release until June 30, 2026, to reappropriation FY2025 budget appropriations to cover FY2026 costs of special education related services, including therapies, evaluations, and educational services.

Determination: Approved with Observations
Approved amount: \$9,515,407

FY	Entity	Fund	Program	Concept	Object	JR Tag	Certified Budget	Budget As Is	Adjustment	Revised Budget
25	Department of Education	GF	N/A – no program	Purchased Services	Other purchased services	N/A – not a special appropriation item	\$8,724,000	\$59,142,470	-\$1,102,160	\$58,040,310
25	Department of Education	GF	Career and Technical Education	Professional Services	Other professional services	N/A – not a special appropriation item	\$0	\$7,313,247	-\$7,313,247	\$0
25	Department of Education	GF	Special Education Program within Department of Education	Professional Services	Other professional services	Student therapies and related services	\$41,255,000	\$72,686,328	\$9,515,407	\$82,201,735

25	Department of Education	GF	N/A – no program	Other Operating Expenses	Other operating expenses	N/A – not a special appropriation item	\$10,299,000	\$15,801,489	-\$1,100,000	\$14,701,489
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Request	Determination	Agency	Fund	Account	Amount	Date of extension
56897	Approved with Observations	(081)-Department of Education	GF	E1290-111-0810000-1006-006-2025	\$7,313,247	6/30/2026
56897	Approved with Observations	(081)-Department of Education	GF	E2970-111-0810000-1008-007-2025	\$1,100,000	6/30/2026
56897	Approved with Observations	(081)-Department of Education	GF	E1294-111-0810000-1008-003-2025	\$1,102,160	6/30/2026
56897	Approved with Observations	(081)-Department of Education	GF	E1290-111-0810000-1009-006-2025	\$9,515,407	6/30/2026

Observation: The Oversight Board approves with observations a reapportionment and prior year fund release until June 30, 2026 in the amount of \$9,515,407 of FY2025 available balances to cover the costs of special education related services, including therapies, evaluations, and educational services. This is approved as an exception to Section 8 of the Certified FY2026 Commonwealth Budget to cover critical needs and subject to several conditions as described previously.

3. 2026-51338 Department of Education (81) – Reapportionment between various cost concepts within the Special Education Program, the Career and Technical Education Program, and All Other Programs to cover salary increases and other initiatives implemented during FY2026.

Determination: Approved with Observations
Approved amount: \$102,383,436

FY	Entity	Fund	Program	Concept	Object	JR Tag	Certified Budget	Budget As Is	Adjustment	Revised Budget
26	Department of Education	GF	Special Education Program within Department of Education	Payroll and Related Costs	Salaries	N/A - not a special appropriation item	\$304,249,000	\$260,610,734	-\$2,561,447	\$258,049,287
26	Department of Education	GF	Career and Technical Education	Payroll and Related Costs	Salaries	N/A - not a special appropriation item	\$60,974,000	\$60,974,000	-\$1,057,851	\$59,916,149
26	Department of Education	GF	N/A - no program breakout	Payroll and Related Costs	Healthcare	N/A - not a special appropriation item	\$13,946,000	\$13,110,773	-\$673,819	\$12,436,954
26	Department of Education	GF	Special Education Program within Department of Education	Payroll and Related Costs	Healthcare	N/A - not a special appropriation item	\$8,005,000	\$8,005,000	-\$14,390	\$7,990,610
26	Department of Education	GF	N/A - no program breakout	Payroll and Related Costs	Other benefits	N/A - not a special appropriation item	\$117,285,000	\$107,442,420	-\$343,206	\$107,099,214
26	Department of Education	GF	N/A - no program breakout	Facilities and Rent	Payments to PREPA	N/A - not a special appropriation item	\$45,339,000	\$45,339,000	-\$11,000,000	\$34,339,000
26	Department of Education	GF	N/A - no program breakout	Facilities and Rent	Payments to PRASA	N/A - not a special appropriation item	\$32,426,000	\$32,426,000	-\$16,780,412	\$15,645,588

26	Department of Education	GF	N/A - no program breakout	Purchased Services	Maintenance & Repairs	N/A - not a special appropriation item	\$2,844,000	\$2,844,000	-\$1,301,691	\$1,542,309
26	Department of Education	GF	N/A - no program breakout	Purchased Services	Other purchased services	Maintenance and monitoring of security cameras	\$18,222,000	\$18,222,000	-\$522,000	\$17,700,000
26	Department of Education	GF	N/A - no program breakout	Donations, Subsidies and Distributions	Other donations and subsidies	N/A - not a special appropriation item	\$228,000	\$228,000	-\$48,000	\$180,000
26	Department of Education	GF	Special Education Program within Department of Education	Transportation	Other transportation	N/A - not a special appropriation item	\$0	\$387,988	-\$241,255	\$146,733
26	Department of Education	GF	N/A - no program breakout	Transportation	Other transportation	For school transportation expenses inclusive of municipalities providing transportation services through established MOU's	\$33,423,000	\$33,423,000	-\$318,730	\$33,104,270
26	Department of Education	GF	N/A - no program breakout	Professional Services	Other professional services	Student tests (META-PR, PIENSE, SAT, PNA, PCMAS, others)	\$15,025,000	\$15,025,000	-\$2,511,567	\$12,513,433
26	Department of Education	GF	N/A - no program breakout	Professional Services	Other professional services	N/A - not a special appropriation item	\$1,669,000	\$12,013,387	-\$3,218,904	\$8,794,483
26	Department of Education	GF	Special Education Program within Department of Education	Professional Services	Other professional services	N/A - not a special appropriation item	\$0	\$4,510,970	-\$1,435,538	\$3,075,432
26	Department of Education	GF	N/A - no program breakout	Other Operating Expenses	Other operating expenses	N/A - not a special appropriation item	\$10,299,000	\$31,132,947	-\$4,141,644	\$26,991,303
26	Department of Education	GF	N/A - no program breakout	Materials & Supplies	Other materials and supplies	N/A - not a special appropriation item	\$16,327,000	\$26,340,146	-\$6,748,653	\$19,591,493
26	Department of Education	GF	Special Education Program within Department of Education	Materials & Supplies	Other materials and supplies	N/A - not a special appropriation item	\$79,000	\$6,418,432	-\$1,590,450	\$4,827,982
26	Department of Education	GF	Special Education Program within Department of Education	Equipment Purchases	Other equipment purchases	N/A - not a special appropriation item	\$199,000	\$9,509,220	-\$2,354,430	\$7,154,790
26	Department of Education	GF	N/A - no program breakout	Equipment Purchases	Other equipment purchases	N/A - not a special appropriation item	\$13,386,000	\$28,379,590	-\$6,198,588	\$22,181,002
26	Department of Education	GF	N/A - no program breakout	Incentives and Subsidies - Social Wellness	Other social well-being for Puerto Rico	N/A - not a special appropriation item	\$1,695,000	\$1,695,000	-\$530,000	\$1,165,000
26	Department of Education	GF	N/A - no program breakout	Non Government Entities	Other appropriations to non-governmental	For Public School Alliance with Charter	\$14,080,000	\$9,583,500	-\$9,639,172	-\$55,672

					entities	Schools				
26	Department of Education	GF	N/A - no program breakout	Payroll and Related Costs	Salaries	N/A - not a special appropriation item	\$731,577,000	\$672,716,028	\$53,084,003	\$725,800,031
26	Department of Education	GF	Career and Technical Education	Payroll and Related Costs	Salaries for Trust employees	N/A - not a special appropriation item	\$24,000	\$24,000	\$57,851	\$81,851
26	Department of Education	GF	N/A - no program breakout	Payroll and Related Costs	Salaries for Trust employees	N/A - not a special appropriation item	\$7,330,000	\$7,319,360	\$358,951	\$7,678,311
26	Department of Education	GF	Special Education Program within Department of Education	Payroll and Related Costs	Salaries for Trust employees	N/A - not a special appropriation item	\$200,000	\$119,668	\$7,905	\$127,573
26	Department of Education	GF	Special Education Program within Department of Education	Payroll and Related Costs	Other benefits	N/A - not a special appropriation item	\$28,756,000	\$23,719,918	\$2,882,724	\$26,602,642
26	Department of Education	GF	N/A - no program breakout	Payroll and Related Costs	Other payroll	N/A - not a special appropriation item	\$2,010,000	\$1,932,371	\$862,425	\$2,794,796
26	Department of Education	GF	N/A - no program breakout	Facilities and Rent	Other facilities costs	N/A - not a special appropriation item	\$5,184,000	\$5,184,000	\$174,895	\$5,358,895
26	Department of Education	GF	Special Education Program within Department of Education	Facilities and Rent	Other facilities costs	N/A - not a special appropriation item	\$0	\$13,940,074	\$286,863	\$14,226,937
26	Department of Education	GF	N/A - no program breakout	Purchased Services	Payments for PRIMAS	N/A - not a special appropriation item	\$9,029,000	\$9,029,000	\$1,126,301	\$10,155,301
26	Department of Education	GF	Special Education Program within Department of Education	Purchased Services	Other purchased services	N/A - not a special appropriation item	\$41,000	\$7,112,546	\$437,106	\$7,549,652
26	Department of Education	GF	N/A - no program breakout	Purchased Services	Other purchased services	N/A - not a special appropriation item	\$8,724,000	\$25,827,674	\$1,959,697	\$27,787,371
26	Department of Education	GF	Special Education Program within Department of Education	Other Operating Expenses	Other operating expenses	N/A - not a special appropriation item	\$7,903,000	\$17,775,766	\$11,993,026	\$29,768,792

4. 2026-61639 Department of Education (81) – Fund extension until December 31, 2026 of FY2024 capital expenditures appropriations to continue school improvement projects.

Determination: Approved with Observations
Approved amount: \$680,321

Request	Determination	Agency	Fund	Account	Amount	Date of extension
61639	Approved with Observations	(081)-Department of Education	GF	E7180-141-08100000-3140-008-2024	\$680,321	12/31/2026

Observation: The Oversight Board approves with observations the fund extension until December 31, 2026 in the amount of \$680,321 of FY2024 capital expenditures appropriations. This approval is intended to serve as the final extension for these funds.

5. 2026-54857 Department of Education (81) – Fund extension until December 31, 2026 of FY2026 Donations, subsidies and other distributions appropriations to cover student therapies and related services payments under the Provisional Remedy Program.

Determination: Denied
Approved amount: \$0

Request	Determination	Agency	Fund	Account	Amount	Date of extension
54857	Denied	(081)-Department of Education	GF	E6890-111-0810000-1011-004-2026	-	

Observation: The Oversight Board denies the fund extension through December 31, 2026 of FY2026 Donations, subsidies and other distributions appropriations to cover the student therapies and related services payments under the Provisional Remedy Program, as PRDE has not demonstrated that the requested extension is necessary beyond the 60-day disbursement period established under Section 8 of the Certified FY2026 Commonwealth Budget. Based on the operational timeline provided, invoices for services rendered at the end of the fiscal year are expected to be received and processed within the allowable period. In the event that funding deficiencies are identified related to services provided on or before June 30, 2026, PRDE may submit a budgetary reprogramming request for consideration. Any such request should include a reconciliation of amounts obligated or encumbered prior to June 30, 2026 against invoices received after the close of the fiscal year, clearly identifying any funding shortfall resulting from a mismatch between recorded obligations and actual invoiced costs from services rendered within the fiscal year. This approach is intended to ensure proper alignment between obligations and expenditures in accordance with the modified accrual accounting.

6. 2026-60460 Department of Education (81) – Requests an interagency transfer, fund extension and prior year fund release until September 30, 2026 to cover repairs, maintenance, and professional services related to the return to school initiatives for FY2027.

Determination: Closed without Oversight Board determination
Approved amount: \$0

Observation: This budgetary reprogramming request was returned to OMB on May 11, 2026, requesting an alternative funding source by March 15, 2026, which was subsequently extended until May 20, 2026. Pursuant to Section 8 of the Certified FY2026 Commonwealth Budget, all appropriations authorized in any prior fiscal year are eliminated and no disbursement of public funds may be covered by such appropriations, subject to certain exceptions. The proposed funding includes FY2027 General Funds that were not authorized for extension into FY2026, as well as FY2026 General Fund PREPA

Reserve, which are reserved to cover government agencies' increases in utility costs and related expenses. As the requested information was not submitted by the established deadline, this request is closed without an Oversight Board determination. The PRDE may resubmit the request for further evaluation upon submission of all previously requested information and identification of a viable funding source.

7. 2026-60075 Department of Education (81) – Budget increase, fund recognition and fund extension until December 31, 2026 to cover official vehicle repairs using reimbursements received from vehicle accident insurance claims.

Determination: Approved
Approved amount: \$17,268

FY	Entity	Fund	Program	Concept	Object	JR Tag	Certified Budget	Budget As Is	Adjustment	Revised Budget
26	Department of Education	SRF	N/A – no program	Purchased Services	Other purchased services	N/A – not a special appropriation item	\$4,889,000	\$4,889,000	\$3,831	\$4,892,831
26	Department of Education	SRF	N/A – no program	Other Operating Expenses	Other operating expenses	N/A – not a special appropriation item	\$1,721,000	\$1,721,000	\$13,437	\$1,734,437

Request	Determination	Agency	Fund	Account	Amount	Date of extension
60075	Approved	(081)-Department of Education	SRF	R0000-174-0810000-007-2026	\$13,437	12/31/2026
60075	Approved	(081)-Department of Education	SRF	R0000-174-0810000-003-2026	\$3,831	12/31/2026
60075	Approved	(081)-Department of Education	SRF	E0000-174-0810000-081-2026	\$17,268	12/31/2026

8. 2026-60616 Department of Education (81) – Budget increase, new object allocation, fund recognition and fund extension until June 30, 2027 from an insurance settlement agreement for improvement of school athletic courts.

Determination: Approved with observations
Approved Amount: \$16,595,962

FY	Entity	Fund	Program	Concept	Object	JR Tag	Certified Budget	Budget As Is	Adjustment	Revised Budget
26	Department of Education	SRF	N/A – no program	Purchased Services	Maintenance & Repairs	N/A – not a special appropriation item	\$40,000	\$40,000	\$0	\$40,000
26	Department of Education	SRF	N/A – no program	Professional Services	Legal professional services	N/A – not a special appropriation item	\$0	\$0	\$0	\$0
26	Department of Education	SRF	N/A – no program	Professional Services	Engineering and architecture professional services	N/A – not a special appropriation item	\$0	\$0	\$0	\$0
26	Department of Education	SRF	N/A – no program	Professional Services	Other professional services	N/A – not a special appropriation item	\$291,000	\$291,000	\$0	\$291,000

Request	Determination	Agency	Fund	Account	Amount	Date of extension
60616	Approved with	(081)-Department of Education	SRF	174-0810000-003-2026	\$14,770,406	6/30/2027

60616	Observations Approved with Observations	(081)-Department of Education	SRF	174-0810000-006-2026	\$1,825,556	6/30/2027
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Observation: The Oversight Board approves with observations a fund recognition in the amount of \$16,595,962 from the insurance settlement agreement and fund extension through June 30, 2027. The Oversight Board denies the budget increase in the amount of \$16,595,692 for the improvement of school athletic courts. The PRDE must submit the settlement agreement with the insurance company for the Oversight Board’s review and approval in accordance with the Contract Review Policy, established pursuant to Section 204(b)(2) of PROMESA, as it exceeds the \$10 million threshold. Upon completion of the review process, PRDE may submit a new budgetary reprogramming request, ensuring that the proposed use of funds is consistent with the purposes and scope established under the settlement agreement. Furthermore, given that the settlement agreement indicates damages claimed by PRDE exceed the settlement amount, PRDE must provide justification as to how the remaining damages and related project costs will be addressed.

OMB shall allocate the approved amounts in the appropriate PRIFAS accounts and communicate the current budgetary allocations by cost object to PRDE.

We look forward to continuing to work with you to accomplish the requirements and goals of PROMESA for the benefit of the people of Puerto Rico.

Sincerely,



Robert F. Mujica Jr.
Executive Director

CC: Mr. Francisco J. Domenech Fernández
The Honorable Ángel L. Pantoja Rodríguez
The Honorable Eliezer Ramos Parés